

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 IO-14 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

OMB-01 SWF-02 OIC-04 NSCE-00 DRC-01 /193 W

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R 292249Z APR 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3569

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DEPARTMENT PASS ALL OTHER LATIN AMERICAN POSTS

FROM AMBASSADOR EBERLE

E.O. 11652: N/A

TAGS: BPOR, ETRD, OVIP (EBERLE)

SUBJECT: SUMMARY REPORT ON AMBASSADOR EBERLE'S VISIT TO URUGUAY

REF: MONTEVIDEO 1060

FOLLOWING IS THE SUMMARY OF RESULTS APRIL 23-24 VISIT TO URUGUAY
BY AMBASSADOR EBERLE AND HIS DELEGATION DRAFTED BY EMBASSY
MONTEVIDEO AND CLEARED BY DELEGATION.

1. SUMMARY. THE BRIEF VISIT TO URUGUAY OF AMBASSADOR WILLIAM D.
EBERLE AND HIS PARTY APRIL 23-24 MADE A NOTABLE IMPACT ON THE
LOCAL SCENE. A SHORT PRESS CONFERENCE SANDWICHED BETWEEN TWO
MEETINGS PRODUCED A LARGE AMOUNT OF FAVORABLE PUBLICITY. THE
VISIT FEATURED THREE SUBSTANTIVE MEETINGS: A MEETING WITH TWELVE
PROMINENT LOCAL BUSINESSMEN; A MEETING WITH THE PERMANENT EXECU-
TIVE COMMITTEE OF LAFTA (SEE SEPTTEL); AND A WORKING DINNER HELD
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AT THE EMBASSY

RESIDENCE WITH EIGHT SENIOR OFFICIALS OF THE GOU, INCLUDING THE ACTING FONMIN. FOLLOWING ARE DRAFT SUMMARIES CONTAINING THE MAIN POINTS MADE IN THOSE MEETINGS.

2. MEETING WITH BUSINESSMEN. AMBASSADOR SIRACUSA, AMBASSADOR EBERLE AND MESSRS. SZABO AND FOX OUTLINED THE PURPOSES OF THE TRIP, RELATING IT TO SECRETARY KISSINGER'S NEW DIALOGUE, TO THE TRA, GSP AND THE MTN. BUSINESSMAN POINTED OUT URUGUAY'S TWO INDUSTRIES MOST CAPABLE TO TAKING ADVANTAGE OF GSP WOULD BE TEXTILES AND LEATHER, AFFECTED BY THE EXCLUSION FROM GSP OF TEXTILES AND SHOES; NEED FOR CERTAIN EXCLUSIONS WAS EXPLAINED. BUSINESSMEN CLAIMED RECENT SALE OF ONE THOUSAND CUBIC METERS OF URUGUAYAN GRANITE TO BUILD A COURT HOUSE IN NEW YORK CITY HAD BEEN BLOCKED BY PROHIBITION AGAINST USING FOREIGN GRANITE FOR GOVERNMENT CONSTRUCTIONS. FOX POINTED OUT USG LACKS CONTROL OVER PROCUREMENT POLICIES IN U.S. STATES AND CITIES, BUT HE PROMISED TO LOOK INTO THIS NEW YORK SITUATION ON HIS RETURN TO U.S. BUSINESSMAN DESCRIBED URUGUAY AS A PANTRY OF MUCH OF THE WORLD IN THE NEAR FUTURE, ASKED WHETHER U.S. COULD NOT PROMOTE SALES OF URUGUAYAN BEEF IN THIRD COUNTRIES, EXPLAINED URUGUAYAN NEEDS FOR CAPITAL, KNOW-HOW AND DISTRIBUTION SYSTEM IN BUYERS MARKET AND SAID APICUE (ASSOCIATION FOR THE INTENSIFICATION OF URUGUAY-UNITED STATES TRADE) WILL TRY TO DEVELOP SCHEME FOR VERTICAL INTEGRATION OF FOOD PROCESSING INDUSTRY HERE WHICH COULD INTEREST U.S. CAPITAL. FOX SAID HE WOULD LOOK INTO ANY SCHEME APICUE DEVELOPS, ONCE SUBMITTED VIA EMBASSY TO COMMERCE DEPARTMENT AND WILL PUBLICIZE AMONG INTERESTED U.S. BUSINESSES. IN ADDITION, HE PROMISED TO CALL MATTER TO ATTENTION OF DOD REGARDING OFF-SHORE PURCHASE OF MEAT FOR U.S. MILITARY USE. BUSINESSMEN ASKED ABOUT ATTITUDE IN U.S. NOW TOWARD INVESTMENT IN A COUNTRY LIKE URUGUAY. SZABO AND FOX EXPLAINED VERY UNEVEN INVESTMENT CLIMATES IN LATIN AMERICAN COUNTRIES BUT STATED MAJOR U.S. FIRMS ARE ALWAYS ON LOOKOUT FOR INVESTMENT OPPORTUNITIES, AND IF URUGUAYAN STABILIZATION BECOMES EVIDENT, INTEREST ON PART OF U.S. FIRMS COULD BE EXPECTED.

3. WORKING DINNER. AT THE AMBASSADOR'S WORKING DINNER, AMBASSADOR SIRACUSA GREETED THE GUESTS AND INTRODUCED AMBASSADOR EBERLE, WHO DESCRIBED THE TRA AND GSP AND U.S. POLICY IN THE MTN. THE GOU RESPONSE TO AMBASSADOR EBERLE'S LIMITED OFFICIAL USE

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EXPOSITION WAS GIVEN BY AMBASSADOR MAGARINOS, DIRECTOR OF THE ECONOMIC AND COMMERCIAL DEPARTMENT AT THE FONOFF. HE EXPRESSED THANKS FOR THE EBERLE PARTZ'S CONSULTATION WITH THE GOU AND APPRECIATION OF THE IMPORTANCE OF TRA TO U.S. AND TO ALL OF WORLD TRADE. GOU IS INTERESTED IN USG FLEXIBILITY IN APPLYING TRADE LAWS AND REGULATIONS. FOR EXAMPLE, THE GENERAL APPLICATION OF COUNTERVAILING DUTIES TO SOLVE A PARTICULAR U.S. INTERNAL PROBLEM HAS UNEQUAL EFFECTS ABROAD. POTENTIAL EXPORT

VOLUME FROM A COUNTRY LIKE URUGUAY COULD HARDLY AFFECT U.S. MARKET. WHILE BRAZIL EXPORTS \$90 MILLION IN SHOES TO U.S., IT IS ALMOST IMPOSSIBLE FOR A COUNTRY LIKE URUGUAY TO ACHIEVE A COMPETITIVE POSITION IN MANUFACTURED PRODUCTS WITHOUT AN EXPORT SUBSIDY POLICY. INTERNATIONAL AGREEMENT IS NEEDED ON DEFINING WHAT MIGHT BE UNACCEPTABLE SUBSIDIES. GOU IS WILLING TO DISCUSS THIS ISSUE TO SEEK ACCEPTABLE RULES. U.S. SIDE CLARIFIED MAGARINOS' MISUNDERSTANDING ON OUR COUNTERVAILING DUTY LAW AND EXPLAINED TRA PROVISION ALLOWING FOR POSSIBILITY OF NEGOTIATING INTERNATIONAL RULES ON EXPORT SUBSIDIES.

4. IF TRA IS PASSED, MTN BECOMES POSSIBLE. IT IS IMPORTANT TO URUGUAY TO MTN BE REALLY MULTILATERAL, UNLIKE THE KENNEDY ROUND, WHEN INDUSTRIALIZED COUNTRIES REACHED AGREEMENTS WITHOUT CONSULTATION WITH LDC'S. A SECOND IMPORTANT PRINCIPLE IS THAT MTN SHOULD NOT CUT INTO THE MARGINS PROVIDED TO LDC'S BY GS
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STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

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FROM AMBASSADOR EBERLE

7. COULD THE U.S. MARKET BE MORE ACCESSIBLE TO URUGUAYAN MEAT? DESPITE URUGUAYAN EFFORTS TO IMPROVE MEAT PROCESSING TO MEET U.S. REQUIREMENTS, URUGUAY WOULD LIKE TO DISCUSS POSSIBILITIES OF EXPORTING FROZEN AND CHILLED BEEF.

8. GOU FEARS USG AIMS TO PROVIDE EQUAL ACCESS TO U.S. MARKET MAY GIVE UNINTENDED ADVANTAGE TO MORE DEVELOPED LDC'S WITH PRODUCTION MORE DIVERSE AND OF HIGHER VOLUME SO ARGENTINA, BRAZIL AND MEXICO

HAVE MORE OPTIONS THAN SMALLER LA COUNTRIES. WITHOUT NECESS-
ARILY ESTABLISHING PREFERENCES WITHIN PREFERENCES, SHOULDN'T
USG PREFERENCE LISTS BE WEIGHTED SOMEHOW IN FAVOR OF LESS DEVL-
OPED LDC' ?

9. SINCE U.S. IS UNLIKELY TO HAVE A TRADE PROBLEM WITH LITTLE
URUGUAY, GOU SEES USG NEGOTIATING WITH MEXICO, BRAZIL AND
ARGENTINA AND THUS STRENGTHENING POLITICAL AND ECONOMIC RELATIONS
WITH THEM. MAGARINOS FRANKLY THINKS SECRETARY KISSINGER TENDS
TO CONCENTRATE HIS LA NEGOTIATIONS ON THE MOST IMPORTANT LA COUN-
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TRIES. GOU HOPES TO BE INCLUDED IN ALL MULTILATERAL CONSULTA-
TIONS BETWEEN U.S. AND LA.

10. GOU REGARDS U.S. EMBASSY HERE AS ITS PERMANENT CHANNEL OF
COMMUNICATIONS WITH U.S. AUTHORITIES ON TRADE MATTERS.

11. AMBASSADOR EBERLE SAID HE WAS ENCOURAGED BY GOU POSITIONS
AND OFFERED REASSURANCES OVER SOME CONCERNS EXPRESSED. PROPOSED
GSP LIMITATIONS OF \$25 MILLION OR HALF OF U.S. IMPORT MARKET TO
BE APPLIED TO INDIVIDUAL COUNTRIES, WOULD SERVE TO PREVENT ANY
LARGER COUNTRY FROM USING GSP TO DOMINATE U.S. IMPORT MARKET.
AS FOR COUNTERVEILING DUTIES, AMB. EBERLE CLARIFIED AMB.
MAGARINAS MISCONCEPTION THAT U.S. COUNTERVAILING DUTIES WERE
APPLIED TO SOLVE PARTICULAR IMPORT PROBLEMS AND HAD GENERAL NOT
SPECIFIC APPLICATION. THEY APPLY ONLY ON A SPECIFIC PRODUCT
COMING FROM A SPECIFIC COUNTRY AGAINST WHICH A COMPLAINT IS
MADE. USG WANTS TO OPEN U.S. MARKET WIDER TO IMPORTS FROM LA.
SINCE TRA MAY BECOME LAW IN A FEW MONTHS, AMBASSADOR EBERLE
SUGGESTS GOU DRAW UP AND SUBMIT WITHIN THE NEXT SIXTY DAYS A
LIST OF PRODUCTS GOU MOST WISHES TO SEE INCLUDED IN GSP.

12. CONCLUSION. ALL MEETINGS WERE HELD IN A CORDIAL ATMOSPHERE.
THE VERY FACT THAT AMBASSADOR EBERLE AND PARTY STOPPED HERE WAS
HIGHLY PLEASING TO URUGUAYANS, WHO HAVE OFTEN SEEN IMPORTANT USG
TRAVELLERS FLY OVER URUGUAY WITHOUT STOPPING. THE MEETINGS MAY
BRING URUGUAY AND THE U.S. CLOSER ON INTERNATIONAL TRADE METTERS,
AND IN ANY CASE THE VISIT WAS HIGHLY SUCCESSFUL AS AN EVIDENT
IMPLEMENTATION OF THE U.S.-LA DIALOG ESPOUSED BY SECRETARY
KISSINGER.
MCCLINTOCK

NOTE BY OC/T: NOT PASSED ALL OTHER L.A. POSTS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, BUSINESSMEN, INDUSTRY, TEXTILES, LEATHER, TRADE LAW, TRADE VISITS, MEETING REPORTS, PRESS CONFERENCES, GRANITE, COUNTERVAILING DUTIES, MEA TS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA03764
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740102-0294
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974047/aaaaafow.tel
Line Count: 215
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: MONTEVIDEO 1060
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2002 by kelleyw0>; APPROVED <05 MAR 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUMMARY REPORT ON AMBASSADOR EBERLE'S VISIT TO URUGUAY
TAGS: BPRO, ETRD, OVIP, UY, (EBERLE, WILLIAM)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005